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SUBJECT: UN BUDGET: DEVELOPMENT ACCOUNT FUNDING

REF: USUN 1792

11. ACTION REQUEST: USUN requests guidance on this issue for upcoming discussions in the Fifth Committee.

12. SUMMARY: In paragraph 14 of General Assembly resolution 60/246, the Assembly requested the Secretary-General to provide recommendations on how additional resources in the area of \$5 million could be added to the Development Account.

The current report (A/61/282) is submitted in response to this request and reminds the GA that the Development Account is to be funded through savings achieved through efficiencies. The Secretary-General notes that such gains are difficult to identify and are usually retained by program managers in any case. Therefore, additions to the Development Account must be viewed in light of competing priorities that exist for funding from the overall UN budget.
END SUMMARY.

13. The Development Account was established by General Assembly resolution 52/12 B, in the program budget for the biennium 1998-99, to be funded from savings in administrative and overhead costs (such as through streamlining and productivity improvements). Gains from such improvements would then be transferred into the Development Account. No savings have been identified since the initial appropriation and the budget has remained at \$13,065,000 for a number of biennia, until the General Assembly decided that the Development Account should be recosted for the biennium 2006-2007.

14. The report states that although the proper procedure is to credit the Development Account with surpluses from efficiency gains, because there is no reliable method of determining the cost of outputs and services, no precise amount of savings can be identified. Therefore, presently the Secretary-General is not in a position to make recommendations on how \$5 million could be added to the Development Account.

15. The report states that the General Assembly may wish to decide whether the recosting of the Development Account should be continued beyond the current biennium. Also, the General Assembly may want, taking into account competing priorities, to revert to consideration of the use of budget surpluses at the end of the present financial period as a way of increasing the funding level of the Development Account.

16. COMMENT: There is widespread agreement among Member States that any savings during the mandate review exercise in development related categories should be reinvested into development related activities. While the USG does not agree with this rigid concept (reftel), this idea could provide the GA with an additional option to increase the amount of funding for the Development Account. The USG and Japan (GOJ) have both supported the discontinuance of the Regular Program of Technical Cooperation (RPTC). In particular, the GOJ has advocated for the reallocation of savings from the discontinuance of the RPTC to the Development Account,

although they have recently indicated that they may be moving away from this position due to developments in the mandate review exercise. END COMMENT.

BOLTON